

# Office of Attorney General Terry Goddard



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## **Terry Goddard Announces \$125,000 Settlement Over Deceptive Car Ads**

(Phoenix, Ariz. – March 27, 2007) Attorney General Terry Goddard today announced a \$125,000 settlement with Budget Car & Truck Sales (Budget), a used car dealership in Tucson owned by Budget Resale Inc., resolving allegations of deceptive advertising.

The settlement requires the company to pay the Attorney General's Office \$125,000, which will be used for consumer fraud education, attorneys' fees and investigation costs. The settlement also requires future Budget ads to be clear, truthful and non-misleading.

The consent judgment was approved by the Pima County Superior Court and does not constitute an admission of any wrongdoing by Budget. The consent judgment settles a lawsuit filed by the Attorney General's Office against Budget.

The lawsuit alleged that between 2003 and 2005, Budget placed various "Public Notice" ads falsely declaring a "Nation Wide Rental Car Disposal Sale." The lawsuit alleged that the Budget ads falsely claimed that three major rental car companies were "prematurely forced to liquidate thousands of cars" because of a "recent crisis" and a "decline in the national tourism industry." The suit also alleged that the ads falsely stated that Budget was an "exclusive regional site" for the non-existent "national" sale.

The lawsuit further alleged that Budget's ads deceptively compared their used car sale prices with the original Manufacturer's Suggested Retail Price (MSRP) for the vehicles, which greatly misrepresented the amount of the advertised savings. The lawsuit alleged that the ads claimed big savings ("up to 50 percent off") by deceptively comparing a used car price to the original MSRP. In fact, there is no MSRP for used cars.

"The current value of a used car is determined by the marketplace or by consulting industry guidebooks such as Edmunds or Kelly Blue Book," Goddard said. "The type of deceptive advertising alleged here is unacceptable. We are keeping a watchful eye to make sure businesses are being truthful with Arizona consumers."

The consent judgment also prohibits Budget from:

- Advertising “Public Notice Sales” or sales based on a purported crisis, national rental car sale or forced liquidation unless it is true.
- Advertising used vehicles with comparative pricing unless the comparison is to the “regular” price (the regular price of the dealer or the market price in industry guides like Kelly Blue Book).
- Advertising used vehicles using the MSRP as a comparative price. Budget may include an accurate statement of a vehicle’s MSRP in an advertisement, but only if it does not state, directly or by implication, that Budget’s price represents a reduction or discount from the MSRP.

Assistant Attorney General Vince Rabago handled this case.

If you believe you have been a victim of fraud, please contact the Attorney General’s Office in Phoenix at 602.542.5763; in Tucson at 520.628.6504; or outside the Phoenix and Tucson metro areas at 1.800.352.8431. To file a complaint in person, the Attorney General’s Office has 26 satellite offices throughout Arizona with volunteers available to help. Locations and hours are posted on the Attorney General’s Web site at [www.azag.gov](http://www.azag.gov). An online complaint form is also posted on the Attorney General’s Web site.

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